

SUBCOMMITTEE NO. 2

Agenda

S. Joseph Simitian, Chair
Dave Cogdill
Alan Lowenthal



Agenda – Part A

Day: Thursday May 6, 2010
Time: 9:30 am or upon adjournment of session
Room: Rose Ann Vuich Hearing Room (2040)

Consultant: Brian Annis

Transportation

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2720 California Highway Patrol

Department Overview: The mission of the California Highway Patrol (CHP) is to ensure the safe and efficient flow of traffic on the state's highway system. The CHP also has responsibilities relating to vehicle theft prevention, commercial vehicle inspections, the safe transportation of hazardous materials, and protection and security for State employees and property.

Budget Summary: The Governor proposes total expenditures of \$2.0 billion (no General Fund) and 11,494.4 positions, an increase of \$57 million and an increase of 205 positions.

Activity: (funding in millions):

Activity	2009-10	2010-11
Traffic Management	\$1,676	\$1,729
Regulation and Inspection	199	204
Vehicle Safety	45	46
Administration	306	307
TOTAL	\$1,921	\$1,977

Major Funding Sources (funding in millions):

Fund Source or Account	2009-10	2010-11
Motor Vehicle Account (MVA)	\$1,724	\$1,779
State Highway Account (SHA)	59	60
Reimbursements	113	114
Federal funds	19	18
Other special funds (no General Funds)	6	6
TOTAL	\$1,921	\$1,977

Changes since the January 10, 2010, Governor's Proposed Budget: The Administration submitted two April 1, Finance Letters that would increase expenditures by \$6.7 million (\$2.8 million Motor Vehicle Account), with no change to authorized positions. The Administration submitted four May Capital Outlay Finance Letters that would decrease planned expenditures by \$2.4 million. Additionally, the Administration has indicated expenditure savings in 2009-10 which are not included in the January 10 numbers.

April 15, 2010, Hearing: The Subcommittee heard CHP issues on April 15 and left some issues open for further analysis and review. The issues in this agenda are both the remaining April 15 issues and the new May Capital Outlay requests.

Issues for Discussion and Vote:

- 1. Officer Staffing Augmentation (BCP #18).** The Governor requests \$17.8 million (\$28.5 million ongoing) to add 180 CHP Officer positions (of this number, 85 uniformed positions would be added in 2010-11 and 95 would be added in 2011-12). The funding level includes about \$4.8 million for associated vehicles and equipment. This issue was heard at the April 15, 2010, Subcommittee hearing, but left open for review of the Uniformed Staffing Study.

Background: Beginning in 2006-07, the Legislature started approving annual increases in CHP Officer positions. Through this process, about 600 Officers have been added, to bring the total number of authorized Officer positions to 6,491. With this year's request, the number of Officers added since 2006-07 would rise to 780 and the total number of Officers would rise to about 6,671.

Outcome for Traffic Safety: As the Legislature has approved new CHP positions over the past four years, the Subcommittee has discussed goals and performance measures with the CHP. One goal was to staff all commands on a 24/7 basis – this goal has been achieved with the Officers approved in recent years. The BCP includes various measures of traffic outcomes, such as fatal collisions – that statistic was on the rise through 2005, but has since been falling (the annual number of deaths was 2,141 in 1998, it rose to 2,736 in 2005, but it has fallen to 2,091 in 2008).

Uniformed Staffing Study: The CHP distributed the Staffing Study after the April 15 hearing. The study seeks to quantify the benefit gained from a new Officer. For example, each new Officer, on average, could be expected to each month produce two additional driving under the influence (DUI) arrests, 47 citations, 13 accident-related activities, three traffic-control activities, 11 assists to CHP and/or other government agencies, 19 partner assists, 25 responses to calls for service, and 11 verbal warnings. The other major question, involved the optimal staffing level for the CHP. The study sought to answer this question by suggesting that staff should be increased until the industry standard time allocation is achieved of 33.3 percent encumbered enforcement activities, 33.3 percent administration, and 33.3 percent proactive patrol. The report indicates an additional 2,730 Officer positions would be needed to achieve this 33/33/33 time allocation.

Staff Comment: The correlation between recent staffing increases and recent improvement in traffic safety statistics, provide one justification for new CHP staff. The Uniformed Staffing Study may provide a tool for analysis going forward, but the availability of budget funds and continued improvements in safety statistics may be more determinate.

Staff Recommendation: Approve the budget request.

Vote:

- 2. Homeland Security Augmentation / License Plate Recognition System (April FL #1):** The Administration requests a permanent augmentation of \$3.9 million (federal funds) to allow the CHP to expend grant revenue from the federal Department of Homeland Security (DHS), to be distributed via the California Emergency Management Agency (CalEMA). These grants will be used to acquire security equipment and to provide training for coordinating the state security efforts with federal agencies. Items purchased would include commercial radiation detection devices, night vision goggles, and license plate recognition systems.

License Plate Recognition (LPR) System: Of the \$3.9 million requested, \$2.0 million would fund the purchase of 100 mobile LPR systems strategically located throughout the state and integrated into one LPR network. The CHP indicates this equipment could help track down a suspect, such as in an Amber Alert situation. The CHP also notes, the data would be retained “for a time.” Therefore, the system would also store license plate data for every vehicle that passes by an LPR. The CHP indicates they already have some LPR units in operation.

Staff Comments: Last year, this Subcommittee reviewed a Department of Motor Vehicles (DMV) budget request to implement facial-recognition software. The Subcommittee voted to add budget bill language that prohibits expenditure for this purpose unless subsequent legislation authorizes use of this technology. This CHP budget raises similar privacy issues. The Subcommittee may want to consider budget bill language or trailer bill language to place in law certain CHP policies that are meant to provide privacy protection.

Trailer Bill Language for LPRs: The following key privacy-protection provisions of the CHP’s LPR policy could be placed into statute to provide greater transparency to the public and continued privacy protections going forward.

- License plate data captured by LPRs shall be deleted after 72 hours.
- No LPR data shall be sold, or made available to any party without a legitimate law-enforcement purpose.
- The CHP shall monitor internal use of the data to ensure no unauthorized use.
- Annual reporting on LPR practices and usage, including any changes to policy. (For efficiency, it may be desirable to combine this report with the existing annual auto-theft report).

Staff Recommendation: Approve the request with the addition of trailer bill language to include the above components.

Vote:

- 3. Capital Outlay Finance Letters (submitted May 3, 2010):** The Administration submitted four new Finance Letter requests on May 3, all related to capital outlay projects.
- **Santa Fe Springs Area Office – Reappropriation (Acquisition):** The Administration requests a reappropriation of \$4.2 million (Motor Vehicle Account) to acquire land for the Santa Fe Springs Area Office replacement project. Acquisition funding was originally provided in the 2007-08 budget, but the land purchase has been delayed. The Administration indicates it is now back on track to purchase the land in 2010-11 and also proceed to the working-drawing phase (\$1.3 million was approved for this at the April 15th, 2010, hearing). The Administration will likely submit a Capital Outlay Budget Change Proposal (COBCP) for 2011-12 requesting approximately \$19.6 million for construction.
 - **Mojave, Fresno, and Grass Valley (Build-to-Suit Lease Projects):** The Legislature has previously approved the Administration's request to pursue build-to-suit lease agreements for new field offices in Mojave, Fresno, and Grass Valley. The Administration requests to add budget bill language to provide CHP the option of entering into a capitalized lease. Current law allows a straight lease with options to buy on a fixed timeline. With a capitalized lease, the CHP could negotiate to own the property at the end of the lease term.
 - **CHP Enhanced Radio System Tower Projects (Acquisition, Preliminary Plans, Working Drawings, and Construction):** The Administration has two May Letters related to the radio upgrade project, which was discussed at the April 15 hearing. The requests involve adjustments to the timelines, and sometimes different locations, or options, for tower replacement or lease. On net, the requests indicate additional savings of \$2.4 million over the previous cost estimates.

Staff Recommendation: Approve these requests.

Vote:

2740 Department of Motor Vehicles

Department Overview: The Department of Motor Vehicles (DMV) regulates the issuance and retention of driver licenses and provides various revenue collection services. The DMV also issues licenses and regulates occupations and businesses related to the instruction of drivers, as well as the manufacture, transport, sale, and disposal of vehicles.

Budget Summary: The Governor proposes total expenditures of \$954 million (no General Fund) and 8,477 positions, an increase of \$61 million over the revised 2009-10 level and an increase of 35 positions. The year-over-year budget change is primarily explained by a \$67 million spending reduction in 2009-10 due to furloughs and other employee compensation / retirement adjustments.

Activity: (in millions):

Activity	2009-10	2010-11
Vehicle/vessel identification and compliance	\$502	\$529
Driver licensing and personal identification	233	254
Driver Safety	111	120
Occupational Lic. And Investigative Services	45	49
New Motor Vehicle Board	2	2
Administration (distributed)	(100)	(107)
TOTAL	\$893	\$954

Major Funding Sources (in millions):

Fund Source or Account	2009-10	2010-11
Motor Vehicle Account (MVA)	\$502	\$553
Motor Vehicle License Fee Account (MVLFA)*	319	325
Reimbursements	15	14
State Highway Account (SHA)	49	56
Federal funds	2	3
Other special funds (no General Funds)	6	3
TOTAL	\$893	\$954

Changes since the January 10, 2010, Governor's Proposed Budget: The Administration submitted three April 1, Finance Letters that would increase expenditures by \$4.9 million (no General Fund), with no change to authorized positions.

April 15, 2010, Hearing: The Subcommittee heard DMV issues on April 15 and left some issues open for further analysis and review. The issues in this agenda are those remaining April 15 issues.

1. Capital Outlay - Construction or Renovation of State-owned Facilities. The Subcommittee heard the below three capital outlay requests at the April 15, 2010, hearing, but left the issues open for further analysis.

- **Oakland Field Office Reconfiguration (Working Drawings and Construction):** \$2.2 million is requested for 2010-11 (\$155,000 is requested for working drawings and \$2.1 million is requested for construction). The Legislature previously approved \$145,000 for preliminary plans. This project is related to a 2008-09 BCP to consolidate the Oakland telephone service center into a new Central Valley facility. With the space opened up in the existing Oakland facility, the DMV would then reconfigure the second floor of the existing Oakland field office to house a DMV Business Service Center.
- **Fresno DMV Field Office Replacement Project (Working Drawings and Construction):** \$19.9 million is requested for 2010-11 (\$1.2 million for working drawings and \$18.7 million for construction). The Legislature previously approved \$912,000 for preliminary plans. This project will replace the existing facility at 655 West Olive Avenue that is 46 years old and is deficient in size and does not comply with current safety and accessibility codes. The DMV intends to meet a Leadership in Energy & Environmental Design (LEED) silver certification.
- **Redding Field Office Reconfiguration (Working Drawings and Construction Phase):** \$3.1 million is requested for 2010-11 (\$237,000 for working drawings and \$2.9 million for construction). The Legislature previously approved \$258,000 for preliminary plans. This project would add capacity to the existing office by adding additional production terminals and lobby space.

Staff Comment: At the time of the April 15, 2010, hearing, the LAO was recommending approval of funding for working drawings, but recommending that approval of funding of construction be deferred until the 2011-12 budget process. The LAO did not believe that deferring the construction funding would delay the projects, but the Administration testified at the hearing that deferring construction funding could slow the project down by two or three months. The Subcommittee held the issue open and asked for further review.

Revised LAO Recommendation: The Legislative Analyst has withdrawn its recommendation to defer approval of construction funding until 2011-12, and now raises no concerns with the construction requests. Further discussions with the Administration suggest the projects should be ready for construction funding in the later part of 2010-11.

Staff Recommendation: Approved these requests.

Vote:

- 2. Budget Bill Language for Radio Frequency Identification (RFID).** The DMV testified at the April 15, 2010, hearing that the department has no plans to utilize RFID technology. However, no statutory provisions prevent the department from going forward with the technology. Similar to action adopted by the Subcommittee last year for facial-recognition biometric software, the Subcommittee may want to add budget bill language for RFID to prohibit use of the technology now or in the future without legislative authorization.

Staff Comment: Departments sometimes adopt new technologies or new processes by redirecting already-budgeted resources. In these cases, the Legislature and the public may not be aware of these changes. The language adopted last year for biometric software would not preclude further review of the benefits of this technology, but it would require use of the technology to first be reviewed by the Legislature via a budget request or policy process. Either avenue would allow for public participation and comment.

Draft RFID Budget Bill Language

Provision X

No funding is included in the department's budget to purchase, install, or use radio frequency identification (RFID) technology. For the purpose of this provision, RFID technology is the use of an object applied to or incorporated into a product, such as a driver license or identification card, for the purpose of identification and tracking using radio waves. Any purchase or use by the department, in the 2010-11 fiscal year and thereafter, of RFID technology shall be permitted only upon enactment of subsequent legislation that authorizes such technology and use of such technology.

Staff Recommendation: Approve the above budget bill language.